EXHIBIT F

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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

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PRIDDIS MUSIC, INC., Plaintiff,

- against- CA # 05-CV-0491

TRANS WORLD ENTERTAINMENT, INC., Defendant.

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EXAMINATION BEFORE TRIAL OF PRIDDIS MUSIC, INC., the Plaintiff, by and through its representative, ALAINA (Lainee) PRICE, conducted pursuant to Notice at the law offices of BOIES, SCHILLER & FLEXNER, 10 North Pearl Street, Albany, New York, on August 18, 2006, commencing at approximately 9:10 a.m. before Lynne Billington, a Shorthand Reporter and Notary Public in and for the State of New York.

A P P E A R A N C E S:

FOR THE PLAINTIFF:
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By: Michael J. Hall, Esq.

FOR THE DEFENDANT:
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10 North Pearl Street
Albany, NY 12207
By: Robert C. Tietjen, Esq.

With regard to licensing, was there any additional responsibilities that you took on over time?

A No.

Q Okay.

Now, let's talk about other responsibilities outside the licensing. At some point you, I take it, went to work in relation to accounting. Is that correct?

A That's correct.

Q Okay. Approximately when was that?

A I don't recall exactly.

Q Okay.

A The end of 2002 to the first of 2003, I believe I started the accounts receivable and collections. And then at the termination of Mark Johnson's employment, I took over the remaining accounting department responsibilities.

Q So, at the end of 2002 going into 2003, you assumed some accounting responsibilities?

A Correct.

Q All right.

And that was the accounts receivable --

A Correct.

Q -- and collections?

A Correct.

Q Can you describe your job responsibilities with regard to accounts receivable, and just kind of walk me through what that means?

A Maintaining a customer's account and preparing statements of balance due, mailing those. Determining past due balances and contacting the customer regarding payment status.

Q And your job responsibilities with regard to collection, is that subsumed within the accounts payable, or is that a separate kind of job function?

A No. That's as I've already described.

Q Okay.

And these job responsibilities, were these broken down by customer, or was this for all the customers within the Priddis Music?

A Broken down by customer.

Some high-end distributors were handled directly by Mark Johnson and their individual sales executives.

Q At the end of 2002 to the beginning of 2003, did you work on the Trans World account?

A Indirectly. It was not my responsibility, but I would help in areas needed.

Q Okay. Is that because Trans World was considered one of the larger distributors --

A Correct.

Q -- that -- as you described it before?

A Correct.

Q And that was handled by Mark Johnson?

A Correct.

Q When did Mark Johnson leave?

A I believe July of 2003.

Q And he left Priddis Music?

A Yes.

I don't recall if it's 2002 or 2003, but I do know it was in July.

Q And at that point when Mark Johnson left, you became the head of the accounting department. Is that a fair statement or is that inaccurate?

A That's fair.

Q Did you then have people who reported to you?

A Not at that time.

Q Not at that time.

So, you were the accounting department?

A Yes.
Q So, it was solely you when Mark Johnson left. You were the sole individual in charge of all the Priddis accounts?
A That's true.
Q Okay.
As we sit here today, do you have other people who work in the accounting department?
A I do not.
Q So, you're still the sole individual responsible for all the accounting for Priddis?
A That's correct.
Q Do you recall the first instance that you came in contact with the Trans World account?
A Describe "contact."
Q As opposed to simply knowing of its existence, that you did any work, whether it was helping someone else out or doing a discreet, you know, task for the account, but you did any actual professional work in relation to the account.
A I don't recall the first instance. I can tell you the first probable thing I would have done would have been to help assemble and ship one of their

orders.

Q Okay. Can you describe what that would have entailed?

A Assembling the product and preparing it for their sales order.

Q When you say "assembling the product," can you just describe what that means? Are you going to a shelf and literally pulling physical product off?

A Either pulling physical product off a shelf or placing the CD in a tray in a case with our work, shrink wrapping it and putting it into shipping.

Q Okay. So, sometimes when you assembled the order, the CDs previously exist, and you pull them off -- well, you describe where they're located.

A We have a warehouse full of shelves --

Q Okay.

A -- and any product that has been previously made is on the shelf. We pull product from the shelf prior to assembling new product.

Q Okay. And let me see if I understand what you're saying is that if an order comes in from a customer -- first of all, when an order comes in from a customer, I think you testified earlier that it would be for a preexisting product, correct?

A Correct.

Q Okay.

So, when an order comes in for a customer, the first place you would look to fulfill that order would be the warehouse where you might have a collection of that title already made and sitting on some type of shelf?

A That's correct.

Q So, you would pull the physical product, then, and you would shrink wrap it and pack it up and ship it out to the customer?

A That's correct.

Q And if there weren't such a product on the shelf, or if the existing inventory were not sufficient to fulfill the order, then describe to me what would happen then.

A Then we recreate enough product to fulfill the order.

Q And I think you testified earlier that would consist of either outsourcing it to another company or simply burning the CDs in-house?

A Correct.

Q Okay.

Can you remember any other tasks that you did with regard to the Trans World account early on?

A Order entry.

Q I'm sorry?

A Order entry.

Q Okay.

Can you describe what you mean by --

A I'm sorry. I don't speak very loud.

MR. HALL: That's okay. It's working out.

THE WITNESS: Taking their order and putting it into the computer.

Q (By Mr. Tietjen) Okay.

And how would the order come in from Trans World?

A Orders are placed generally by the EDI system, also phone calls or faxes.

Q So, there's no one standard way that an order would come in?

A No.

Q And this is just for Trans World, or is this for all the customers?

A We did have some other customers who used the EDI system. Generally, customers place orders by phone or by fax.

Q And if a customer placed -- and this included Trans World or any other customer. If a customer placed an order by phone, they would simply tell you a title and how many they needed? Is that correct, or is there some other method?

A That's correct.

Q Describe to me what you mean when you say the EDI.

A It's a computer system that -- basically, it's for the ease of order entry, for the ease of ordering. Large companies, they put in their order and it comes over electronically to us.

Q Okay. So, in order to utilize the EDI system, the customer would have to have it and Priddis has it, correct?

A Correct.

Q Is this a computer program?

A Yes.

Q Okay.

And do you know when the EDI system was first implemented by Priddis?

A I don't.

Q When you began work, let's say in the accounting department in end of 2002 or beginning of 2003, the EDI system existed at that point?

A Yes, it did.

Q Did it exist prior to that, or you don't have any knowledge?

A Yes, it did.

Q Okay.

And Trans World utilized the EDI system?

A Yes, they did.

Q But not solely?

A No.

Q In other words, Trans World placed orders through the EDI system and also placed orders through other methods?

A Yes. That's true.

Q Okay.

Did other customers of Priddis Music utilize the EDI system?

A Yes.

Q And is it mostly just larger customers?

A Yes.

Q At the time that you began work in the -- well, let's go back to when you were hired initially by Priddis on November 20th, 2000. Do you have any recollection or knowledge or understanding about how many accounts Priddis Music had?

Do you understand what I mean by "accounts"?

A Define.

Q Customers. How many different customers Priddis Music sold product to.

A I don't recall.

Q Okay.

How about when you were promoted to the licensing department? Do you have any knowledge about how many accounts?

A I don't recall.

Q When you began work in the accounting department, at that point, did you come to have some type of understanding about how many -- I'm just asking for an approximate here, I'm not looking to nail you down on a specific, how many accounts Priddis Music dealt with?

A I do.

Q Okay. How many?
A Approximately 250.
Q 250.
And do you know how many accounts Priddis Music has today as we sit here? Again, approximately, unless you know specifically.
A Do you mean accounts that we currently sell to?
Q Well, let's start there, yes. Accounts that you currently sell to.
A We have three.
Q Three. Okay.
A moment ago you asked for clarification of what I mean by accounts, so let me ask you: What type of distinction were you drawing in your own mind to ask the question? In other words, would you then be referring to accounts that are closed?
A Accounts that we don't currently sell to.
Q Okay. But that perhaps you might sell to in the future?
A Correct.
Q Okay.
How many would that add to the total?

Can you, by reference to this document, show me where it would indicate that? In other words, just for example, take the first entry, if you'd like, and --

A Okay. So, the first entry, the first column, credit memo, that is the identifying number given to us by Trans World.

Q Okay.

A The date is the date of the charge back memo, the date that it's printed on their check. The description of that is also the description given on their check stub.

Q Okay. Stop right there for a moment.

Do you have any understanding of what a description is?

A I don't. These are all of their internal numbers. Some of them make some sense to me and some of them don't.

Q Okay.

Did you ever have any discussions with anyone at Trans World and ask them to provide an explanation for any of these numbers?

A For the charge back memo or --

Q For the description numbers.
A For the description? Yes. Sometimes.
Q And did they provide you with an explanation --
A Yes.
Q -- about the numbers that you inquired about?
A Yes.
Q Okay.
A For the description.
Q And generally, is there any examples that you can give me looking down at these numbers in the column marked Description and tell me any that you recognize and understand the significance of?
A On Page Number 6, the very last charge back memo, 140518, the description is S0010701653.
Q Right.
A RA number -- request authorization is also known as RA. An RA number that we provided Trans World with would have been the S00107. So, the description means to me that this return or this charge back memo is in reference to our Return Authorization Number S00107.
Q And then the number following it?

Q Okay.

And from your understanding, this spreadsheet would have nothing to do with anticipated returns?

A No. That's incorrect.

Q Okay.

A It may.

These numbers may be an anticipated return that Priddis has not received yet. But as far as the defined anticipated returns, CBM is not a defined anticipated return.

Q When you say "defined," what do you mean by that?

A The definition I was given for an anticipated return was that it would start with the letters RET.

Q Okay. Who gave that definition to you?

A I cannot recall the original, but I do -- I did receive a second confirmation from Sue Tienmann.

Q Okay. Tiemann?

A Tiemann.

Q And when you say "confirmation," was this an e-mail, a conversation that you had with Sue Tiemann?

A She provided -- well, a conversation, as well as she provided a sheet that listed their codes and what they meant.

Q Do you recall when that was?

A No.

Q Was this after you had started in the accounting department?

A Yes.

Q So, it was some time after late 2002?

A Yes.

Q Do you recall whether this was in the beginning of your accounting career with Priddis?

A It would have probably been, yes.

Q Okay.

So, is it fair to say that it would either be, you know, late 2002 or early 2003?

A Yes.

Q Okay.

And by definition, just once again, she provided you a list of acronyms and what their meanings were --

A Correct.

Q -- from Trans World's point of view?

A Correct.

Q And your understanding was RET was an

A This is the total number of reordered quantity of this CD through that period of time, 2002 through 2004.

Q When a piece of product is returned to Priddis, what happens to it physically, in other words? Do you have a pallet come in with discs on it or CDs or tapes? What happens?

A It's sorted --

Q Okay.

A -- counted and returned to the shelf.

Q Okay.

So, it's returned to the shelf of the existing -- because it's existing. We discussed this a little bit earlier.

A Correct.

Q And that would be there in --

A The warehouse, uh-huh.

Q And then when an order then comes in, that same product then might be shipped out again?

A It's possible, uh-huh.

Q And when it's reshipped, if -- you know, in the instances where it's reshipped, would that necessarily go to the same customer, or could it go to

other customers?
A It could go to a different customer.
Q Do you have any knowledge of how many titles Priddis carries or is active at any given time?
A I can tell you approximately how many we have in our catalog. I can't tell you active at a given time.
Q Okay. The product in that catalog, you're saying some of it is -- might be active, some might be inactive?
A It's possible, yes.
Q What do you mean by inactive?
A If a disc has been discontinued, it's no longer active.
Q Okay.
And why would a disc be discontinued?
A For either licensing purposes, we've been requested to pull the product by the copyright holder; or if it no longer sells.
Q Is that an ongoing determination made by Priddis?
A Yes.
Q Are you involved in those determinations?

that had not previously been paid for, the copyright was withdrawn, what would the practice be?

A That's not applicable.

Q Because it -- I'm sorry, go ahead. Why isn't it applicable?

A We pay on all product that's been ordered and shipped out.

Q Okay.

A So, anything that's been -- that's why anything that's returned has already been paid on.

Q Okay.

Can you tell by looking at Defendant's Exhibit 6, if you look at the Return columns, you know, for example, if you look at the first column in 2002, first quarter, it says 80 were returned, can you tell from looking at the information contained within the spreadsheet whether those 80 pieces of product -- what happened to them subsequently? In other words, if they were sent out again?

A Uhm.

(Witness peruses document.)

Q I'm speaking of the physical pieces of product. You know, the actual CD.

A (Witness peruses document.)

From this spreadsheet -- only thing I could determine would be something that had quite a bit returned and then was reordered by Trans World the next quarter, those are most likely sent back out to Trans World. We could not turn around their large returns very quickly at all mostly because they were so massive; and so, if they reordered it, such as the -- well, like on the second row down, 1340G --

Q Okay.

A -- the ID number, in the fourth quarter of '01, they returned 2,083 product. They turned around and ordered 525 of it the first quarter of '02. Those were most likely all from that 2,083 product that was returned the quarter before.

Q Okay. So, in other words, Priddis wasn't creating new product, they were recycling the product that would come in and just give the same product back out?

A Correct.

Q Okay.

THE WITNESS: Would you mind if we take a break for a minute?

got a date, I believe, on it, of March 1st, 2006. Does that help your recollection at all?

A Sometime in the last two years.

Q Okay. But you did assist in calculating the figures?

A Yes.

Q Did anyone else assist in that task?

MR. HALL: Anyone from Priddis? I mean, aside from my law firm?

Q (By Mr. Tietjen) Aside from your lawyers or aside from Priddis' lawyers, anyone else assist in the calculation of the damages?

A No.

Q Okay.

Did Mr. Priddis assist you?

A Not in gathering the data for the -- to get the totals.

Q How did he assist you?

A He defined excessive and unreasonable returns.

Q Okay. How did he define that?

And when you say "excessive and unreasonable returns," is it paragraph number 2 that you're referring to?

A Yes.

Q Okay.

And how did he define that?

A Any and all returns.

Q So, that number, $1,592,920.17, as represented in the Price Exhibit 1, is simply a total of all the returns made by Trans World throughout the course of their relationship with Priddis. Is that correct?

A True.

Q Okay.

If you'll take a look at Defense's Exhibit 6 that we were just looking at, which is the spreadsheet, the number represented in paragraph 2 of the initial disclosure, is that the same number represented under returns in that spreadsheet?

A Right.

Q Looking at paragraph 1, which lists a purported damage of $721,189.12, do you know what that number represents?

A Yes.

Q Can you tell me?

A It's the balance due.
Q Can you describe what you mean by "balance due"?
A It's the customer balance on the statement, and including $185,948 in anticipated return credits for returns that they never made.
Q Let's talk about the 721,000 first.
When you say "balance due," in other words, if you opened up the Trans World account today, that's the number that would be reflected as a balance that's due to Priddis. Is that correct, or is that a misstatement?
A No. That's correct.
Q Okay.
And then included within that is -- a part of that is $185,948?
A That's correct.
Q That's not in addition, that's included within the original number?
A Correct.
Q Okay.
Now, that's anticipated return credit for returns that were never made. Is that correct?

A Correct.
Q All right. How is it that you were -- how did you calculate that number?
A I took their statement and added in the anticipated return credit that was taken.
Q Let's stop.
You took Trans World's statement?
A Yes.
Q Okay.
And you added in --
A The anticipated return credit --
Q Okay.
A -- from their last payment.
Q From their last payment?
A Uh-huh.
Q And when you added those numbers together, it came up with the number represented here in paragraph 1?
A Correct.
Q Okay.
How is it that you were able to determine that the returns were never made?
A No returns were received from Trans World

after March 1st of 2004.

Q Okay.

When you added up the numbers that equalled 185,948, what was the time frame that you looked at to add those up?

A That number I didn't add up. It's an actual RET, anticipated return, off of the last check statement.

Q So, when you say that anticipated returns after that were never made, that's not historical returns that weren't made, that's from the last time that Trans World listed an anticipated return. Is that correct?

A Right.

Q And then subsequent to that was when Priddis refused to accept the returns, correct?

A Correct.

Q In other words, Trans World wasn't able to make those returns. Is that correct?

MR. HALL: Object to the form.

Answer that, if you can.

THE WITNESS: Define "make."

Q (By Mr. Tietjen) After March of 2004, did

Priddis Music agree to accept any more returns from Trans World?

A I received maybe five additional return authorization requests from that point until August 6th of '06 --

Q Okay.

A -- totaling maybe, at my best guess, $15,000, and I did not reply with an RA number to those returns.

Q Okay. So, when you did not reply with an RA number, what does that signify?

A It means that I did not give them a return authorization to return the product.

Q And that precluded them from returning the product, did it not?

A Yes.

Q And subsequent to receiving those, I believe you said, five return authorization requests, Trans World stopped requesting to return product?

A Yeah. I have -- well, I don't know if it necessarily stopped. I did get a return for an -- request for an RA like two weeks ago.

Q Oh.

A So, August 6th of 2006 was the last request I received.

Q And did you reply with an RA?

A No.

Q Let's look at paragraph 3.

"$99,265.63 in excessive credit taken for the record of Sound Choice product under the buyout agreement."

Are you familiar with the document referred to here as the buyout agreement?

A Yes.

Q Okay.

Did you have any participation in the formation of that agreement?

A No.

Q That was before your time at the company?

A Yes.

Q Have you ever reviewed the buyout agreement?

A No.

Q How is it that you calculated the damages listed here under the buyout agreement?

A I took a spreadsheet provided by Trans World of all returns that they had sent regarding the buyout agreement and compared it with all product and/or credits Priddis issued Trans World -- product received and credits Priddis issued Trans World and compared those two totals, and the difference is the amount on Number 3.

Q Number 4 lists $95,000 in displays sent to Trans -- TWEC, Trans World. How was that calculated?

A I took the quantity of displays times the dollar amount per display, added in the shipping costs, and did that for both displays sent -- both sets of displays sent to Trans World.

Q Were you involved at all in the formation of what's referred to as the rack agreement or the display agreement?

A No.

Q That was before your time, as well?

A Yes.

Q Have you ever reviewed that document?

A Some of them.

Q Have you reviewed that document as it relates to Trans World?

A I've reviewed a few documents that have that within the document, but not an actual initial agreement.

Q Okay. When you say you've reviewed documents that have that in the document, what are you referring to?

A Each year at the end of the year, Trans World sent Priddis -- not exactly sure what it's called, but some kind of update to their initial agreement --

Q Okay.

A -- listing pricing and things such as that; and I do recall that being a part of that.

Q In other words, it sounds like you're describing a term sheet, a piece of paper that lists the terms under which the parties operate. Is that a fair assessment?

A Yes.

Q Okay.

And in those term sheets, you recall seeing language related to rack displays?

A Yes.

Q Okay.

Do you recall what the language said or indicated?

A No.

Q Okay.

So, in other words, in calculating this fee, you simply added up the cost of the racks and included the shipping, and the total is the 95,000?

A That's correct.

Q Are you generally aware of the terms of the display agreement?

A Could you expound on that?

Q Was it your understanding that Trans World would pay for the display agreements [sic]?

A No.

Q What was your understanding?

A On the initial agreement, my understanding is that to be able to place our product and get the exclusive vendor agreement into the Trans World stores, we needed to provide them with a display. Kind of a good faith, if you will. And the second agreement, I'm not that familiar with. Although I was around for that agreement, I don't know the specifics of it.

I do know that our initial displays were destroyed by Trans World instead of continuing to use them, and we were demanded to send them new ones.

Q Now, is it your understanding that Priddis Music agreed to send them new ones?

A Yes.
Q And at Priddis Music's cost?
A Yes.
Q Paragraph Number 5, if you look down, it lists a total of $540,313.70. You see that?
A Yes.
Q In rack replacement fees, which were disguised advertising fees. The term "rack replacement fees," does that have any meaning to you?
A Nope. Meaning -- I'm familiar with the term.
Q Okay. What is the term?
A Rack replacement fees.
Q Okay.
These are fees, to the best of your knowledge, that Priddis agreed to?
A Yes. Yes.
Q The rest of the sentence goes on to read, "which were disguised advertising fees."
In compiling the numbers, is that a conclusion that you reached with regard to the rack replacement fees? In other words, I'm trying to understand where that language came from. How was that determination made?

A On a Trans World check remittance and whatever, the check stub, the code number CBA is -- stands for advertising fees. There is no code for rack replacement fee -- rack placement fee. The only code they have is advertising. And so, all fees in regards to that were underneath the advertising fee label.

Q Okay. So, the fact that the fees were listed on the check stub under advertising code is the basis for the conclusion that they were disguised advertising fees?

A Correct.

Q How is it that you know what CBA means?

A It was also on the sheet that Sue Tiemann gave to me.

Q The sheet that you described earlier of acronyms? Trans World acronyms?

A Correct.

Q And on every check stub, the fee we're describing was listed under CBA?

A Correct. Not every check stub, but every --

Q I'll withdraw the question.

Every time that the fee was listed that we're describing, it was under the heading or the code CBA?

you point to any documents that would support that?
A No.
Q Did you ever have a conversation with anyone at Trans World that indicated that that was the case?
A No.
Q All right.
You can put that aside hopefully now for. Good.
I think we talked a little bit before about the number of accounts that existed while you have been working for Priddis. Do you recall that?
A Yes.
Q Okay. And I believe you testified, if I'm incorrect, please correct me, that at one point there was approximately 200 -- over 200 accounts.
A That's correct.
Q And that was during the time that Trans World and Priddis had a relationship?
A That's correct.
Q And I believe you testified that as of today, there were how many accounts?
A Three.
Q Three.

Have you noticed a decline in the popularity of Karaoke as a product in general?

A A slight decline.

I know, you know, cassettes are done. There is no more demand for cassettes.

Q Same titles that were on the cassettes, however, would be on CDs, correct?

A Correct.

There has been a slight decrease in demand.

Q Okay. Can you give me a general time frame for that decrease? In other words, what did you see as the height of the Karaoke popularity from your experience? Obviously, you haven't been in the business for 20 years, but from your experience, when was the height of the popularity?

A Unfortunately, I compare my understanding of the popularity to the orders.

Q Okay.

A I can't really tell you from an outside view of the Karaoke.

But my opinion was we were selling so much to Trans World, that when we had to stop, when we stopped selling to them, that's when I saw my sales drop. So, into the relationship, that Mark was worried more about -- they were returning more and paying less and that kind of thing.

Q Okay.

So, fairly early in the relationship, employees of Priddis Music were aware of the pattern of ordering and returning?

A Yes. Maybe not to the extent, but they were aware of it.

Q Okay.

Do you recall any conversations with Mr. Priddis about that?

A Yes.

Q Okay. Can you describe them, to the best of your recollection?

A Same concerns as Mark. That the returns were quite large. And even though purchases were being made -- I guess I should say orders were being made that were large, that our payments were subsidizing what they were ordering versus what they were returning and paying for.

Q And these were conversations with Mr. Priddis?

around this time, which is in January of 2004, about issuing RAs?

A Any conversation?

Q Any conversation.

A No. Not really.

Q Do you ever remember having any conversations with anybody at Priddis about refusing to issue RAs to Trans World?

A Not during this time.

Q Do you ever remember those conversations?

A Yes.

Q Do you recall when they began?

A They would have started the first part of March of 2004.

Q Okay.

Can you describe who you had that conversation with, or those conversations?

A Rick.

Q And by "Rick," you mean Rick Priddis?

A Yes.

Q And can you describe the substance of those conversations?

A Just at that time, we --

THE WITNESS: Can I ask you a question?

MR. HALL: Well, there's one pending.

THE WITNESS: Oh.

Just at that time, we decided to file the lawsuit against Trans World.

Q (By Mr. Tietjen) Okay.

A And at that point, we decided not to do business with them.

Q And that was in March of 2004?

A Uh-huh.

Q And at that point, had any communication been given to Trans World to indicate that you wouldn't be accepting returns?

A I -- not that I can recall. I don't know.

Q In March of 2004, as you know, there was an attempted return by Trans World to Priddis. Do you recall that?

A Yes.

Q And subsequently, Priddis refused to accept the return. Do you recall that?

A Yes.

Q Do you know whether an RA was issued for that order?

Q RA numbers used in the past were continuously used? Is that what you're saying?

A Yes.

Q And are you saying you don't recognize this RA number, so --

A That would be our RA number. I cannot tell you for certain when it was issued.

Q Okay.

And then you see the last sentence in that message, "Please issue the RA number you would like us to use for the March recalls." Do you see that?

A Yes.

Q And was that RA number issued?

A No.

Q And that was because Priddis Music had decided to file suit against Trans World?

A That's correct.

Q And, to your knowledge, was notice of such refusal given to Trans World?

A Not by me.

Q Okay.

Are you aware of anyone else giving such notice to Trans World?

A Not that I recall.

Q A little bit earlier we discussed the functioning of an RA. Do you recall that?

A Yes.

Q And you had indicated that the RA number is used as a device to help you track inventory that comes back in.

A Yes.

Q Is that correct?

A Yes.

Q Was it ever your understanding that an RA was required to return product? In other words, that Priddis had the right to refuse to accept returns of product by not issuing an RA?

A It was my understanding that an RA number was needed to return product.

Q Okay.

Are you familiar with the terms of the vendor agreement with Trans World?

A Vaguely.

Q Okay.

Are you familiar at all with the return policy that existed between Trans World and Priddis?

A Yes.
Q Okay. Can you describe to me your understanding of that policy?
A I understand that they had requested to be able to have 100 percent returnable product.
Q Okay.
Was it your understanding that Priddis agreed to that request?
A Yes.
Q Okay.
So, when a client has a hundred percent returnable policy with Priddis, is it your understanding that Priddis then has the right to refuse a return through the non-issuance of an RA number?
MR. HALL: Object to the form.
You can answer, if you know.
Q (By Mr. Tietjen) Do you understand the question?
A Will you say it, again?
Q Where a customer has a 100 percent return policy with Priddis, is it your understanding that Priddis has the right to refuse to accept those returns?

Q Who had just received a shipment?
A Trans World. We had shipped them.
When I looked up the information, the last invoice I see of product sent was the end of February.
Q Okay. So, the end of February, Priddis shipped product to Trans World?
A Correct.
Q And then subsequently, shortly thereafter, refused to accept the return?
A Correct.
Q Was there any discussion that you know of about refusing to ship the product?
A Any product?
Q That shipment in late February.
A There was discussion about their account regarding that and consideration of bringing a lawsuit to them, but ...
Q And that was prior to the shipping of the product?
A Yeah.
Q And the decision was made to ship that product, anyway?
A Yes.

MR. TIETJEN: I would suggest we take a short break.

(Discussion off the record.)

MR. TIETJEN: Back on at 4:25.

Q (By Mr. Tietjen) A moment ago before our break, Ms. Price, you mentioned a shipment of product that was sent out in late February 2004. Do you recall that?

A Yes.

Q The value of that shipment, the dollar amount associated with that shipment, would that have been included anywhere in the calculations that we discussed earlier today?

A No.

Q No? Why not?

A All product that's included in the things we discussed earlier had been received, processed and ordered.

Q Received by who?

A By Priddis Music.

Q This was product that was sent to Trans

World, correct?

MR. HALL: I think maybe you were mis -- he's talking about the shipment, not the attempted return. Did you catch that?

THE WITNESS: Oh.

MR. HALL: Like the last shipment.

Q (By Mr. Tietjen) Let me rephrase and make sure that I'm being clear.

The shipment that was sent from Priddis to Trans World in late February that we discussed prior to the break, would the dollar amount of that shipment have been included anywhere within the calculations that we were discussing this morning?

A Yes.

Q Okay. And where would that have shown up?

A First quarter 2004.

Q Okay.

And do you have any idea sitting here today approximately the value of the shipment?

A I don't.

Q Was it a large shipment?

A I know there were large shipments in February. I don't know if the last one was a large shipment.

Q Was non-Priddis product ever sent to Priddis for returns?

A Yes.

Q And do you recall how many times that happened?

A There was an initial Sound Choice buyout. That's non-Priddis.

Q Okay. Fair enough.

Aside from the Sound Choice buyout, which was agreed to between the parties, was there ever a situation where non-Priddis product would be sent back to Priddis?

A Yes.

Q Okay. And are you aware of how many times that occurred?

A I'm not.

Q To your knowledge, was the product taken back by Trans World?

A No.

Q No? What would happen to that product?

A It would be written off and destroyed at Priddis Music.

Q Okay.
Do you recall undergoing reconciliations with Trans World?
A Yes.
Q And when did they start? Can you remember the first one?
A I can't.
Q Was that an ongoing process?
A Yes.
Q Prior to you assuming the responsibilities in the accounting department, are you aware that reconciliations had occurred?
A Yes.
Q And that would have been done by who?
A Mark Johnson.
MR. TIETJEN: I'd like to mark as Price Exhibit 10 a document consisting of several pages, Bates numbered TWEC 000351 through 355.

(Price Exhibit Number 10 was marked for identification.)
(Witness peruses document.)

THE WITNESS: Okay.

Q (By Mr. Tietjen) Ms. Price, do you recognize this document?

A Yes.

Q Okay. What is this document?

A It's an e-mail.

Q Okay.

Is at least part of this document drafted by you?

A Yes.

Q My first question is: If you go to --

The last two, three pages consists of a spreadsheet?

A Okay.

Q And my question to you is: If you look at the e-mail, there's an e-mail from Sue Tiemann to you on August 15th, 2003, which indicates, "Attached is my reconciliation of the statement you sent on 6/5/03."

A Okay.

Q You see that?

A Yes.

Q Are the last three pages that reconciliation?

A Yes.

Q Okay. How can you tell that?
A Because this -- I created the initial sales spreadsheet, and her comments are the last column on the right-hand side.
Q In other words, you sent her a document and then she added to it?
A Correct.
Q How often was the account with Trans World reconciled?
A I would say I attempted to reconcile it probably four times a year.
Q Is that standard throughout your customer list?
A For large customers.
Q A smaller customer might be less?
A Yes. One with less activity wouldn't be as necessary.
Q Why is that?
A If they had less activity, I may have an additional one, maybe two invoices in a three-month period, and that's unnecessary to reconcile.
Q And Trans World was a large account?
A Yes.

EXHIBIT G

Third Judicial District
NOV 0 4 2004
SALT LAKE COUNTY
By ______ Deputy Clerk

H. JUSTIN HITT, #8762
PLANT, CHRISTENSEN & KANELL
136 East South Temple, Suite 1700
Salt Lake City, Utah 84111
Telephone: (801) 363-7611
Facsimile: (801) 531-9747

Attorneys for Defendant Trans World Entertainment Corp.

IN THE THIRD DISTRICT COURT IN AND FOR

SALT LAKE COUNTY, STATE OF UTAH

PRIDDIS MUSIC, INC., Plaintiff, v. TRANS WORLD ENTERTAINMENT CORPORATION, a foreign corporation, Defendant.	**ORDER OF DISMISSAL** Civil No. 040913245 Judge Anthony B. Quinn

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This matter came regularly before the Court on October 22, 2004 for oral argument on Defendant Trans World Entertainment Corp's Utah R. Civ. P. 12(b)(3) Motion to Dismiss for Improper Venue. Defendant Trans World Entertainment Corp. ("Trans World") was represented by H. Justin Hitt, and plaintiff Priddis Music, Inc. ("Priddis") was represented by Loren D. Martin. The Court having fully considered the parties' pleadings, including affidavits from both parties, oral arguments of the parties, and applicable decisions by the Utah Supreme Court and Utah Court of Appeals, the Court hereby makes the following findings of fact and conclusions of law:

1. The undisputed facts establish that Priddis agreed that any efforts to seek legal recourse of any kind against Trans World would be commenced exclusively in

the courts of the state of New York.

2. Priddis failed to offer any facts or evidence to show that the forum selection agreement was obtained by fraud, duress, abuse of economic power, or other unconscionable means.

3. Priddis failed to offer any facts or evidence to show that enforcement of the forum selection agreement would be unfair or unreasonable under the circumstances.

4. The Court did not consider and does not render any opinion with respect to the merits of Priddis's claims against Trans World nor Priddis's claimed damages.

Accordingly, the Court hereby ORDERS as follows:

1. Trans World's Utah R. Civ. P. 12(b)(3) Motion to Dismiss for Improper Venue is GRANTED.

2. Pursuant to the parties' forum selection agreement, the courts of the state of New York are the proper and exclusive forum for this action.

DATED this 4th day of Nov., 2004.

BY THE COURT:

Honorable Anthony B. Quinn
District Court Judge

Approved as to Form:

Loren D. Martin
Attorney for Plaintiff Priddis Music, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I caused to be hand-delivered this 22ND day of October, 2004, a true and correct copy of the foregoing Order of Dismissal to the following:

Loren D. Martin
Martin & Nelson
139 East South Temple, Suite 300
Salt Lake City, Utah 84111-1161

EXHIBIT H

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF NEW YORK

PRIDDIS MUSIC, INC.
Plaintiff,

-v- 1:05-CV-491

TRANSWORLD ENTERTAINMENT
CORPORATION

Defendant.

U.S. DISTRICT COURT
N.D. OF N.Y.
FILED

AUG 25 2005

LAWRENCE K. BAERMAN, Clerk
UTICA

DAVID N. HURD
United States District Judge

ORDER

Pursuant to the oral decision of the Court, entered into the record after hearing oral argument on August 26, 2005, via video conference between federal courthouses in Utica and Albany, New York, it is hereby

ORDERED that

(1) Defendant's motion to dismiss the First and Sixth Causes of Action, for Fraud and Conversion respectively, is GRANTED;

(2) The First and Sixth Causes of Action are DISMISSED.

(3) Defendant's motion to dismiss the Fifth Cause of Action for Unjust Enrichment is DENIED;

(4) Plaintiff's request for punitive damages is DISMISSED;

(5) Plaintiff has withdrawn the Third Cause of Action for Breach Good Faith and Fair Dealing and its request for attorney's fees, and thus, those claims are DISMISSED; and

(6) Defendant shall file and serve an answer to the Second, Fourth and Fifth Causes of Action on or before September 9, 2005.

IT IS SO ORDERED.

United States District Judge

Dated: August 26, 2005
Utica, New York.